



# Collection Division

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Presenter:

Bobby Tucker, Chief

# Responsibility

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- The **mission** of the Office of Tax and Revenue's Collection Division is to:

**Collect promptly** the proper amount of tax from all persons who have not filed tax returns and/or paid tax as required by District of Columbia law;

**Encourage future compliance** with the law; and  
to

**Provide accurate, timely and courteous customer service.**



# Programs

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- **Field Units**

- Rosalyn Lewis – Branch Chief

- **Key Areas:**

- Canvassing
  - Sales Tax Certificate Seizures
  - General Seizures
  - O-Type Fee
  - Offer-in-Compromise
  - Judgments
  - Internet Listing



# Programs

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- Specialty Units

- Doris Faulkner – Branch Chief

- Key Areas:

- Bankruptcy
  - CP 2000 and Revenue Agent Reports (IRS)
  - Individual and Business Installment Agreements
  - Bulk Sales
  - Special Events
  - Taxpayer Delinquent Investigations (Business)
  - Non-Filer Program (Individual Income)



# Field Groups - Canvassing

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- Revenue Officers conduct field visits to ensure taxpayer compliance and or taxpayer registration with OTR.
  - Field Group Canvassing enhances collections by allowing taxpayers an option to pay outstanding taxes due directly to the Revenue Officer.



# Seizure of Sales Tax Certificates

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- Seizure of Sales Tax Registration Certificates in lieu of full scale seizure.
  - Merchant cannot operate without a valid Sales Tax Registration Certificate.
  - Prohibits taxpayers from continuing sales in the District of Columbia until tax issues are resolved.



# Property Seizure

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- Seizure of real and personal property from taxpayers and third parties.
  - Jeopardy seizure
    - Questionable assets
    - Threat of relocation
  - A seizure is often the last resort



# Outsource and Discovery Program

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The Outsource was implemented to target aged delinquent cases. Vendors are contracted by OTR to notify and collect in these cases.

The following vendors perform these services:

- RSI-E, LLC
- MuniServices, LLC





# Vendor Offset Initiatives

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- District Offset Program
  - Vendor owing taxes in excess of \$34.95
  - Payments are intercepted until balance is .0
- State-to-State Offset Program
  - Maryland
- Federal Offset Program
  - Income Tax refunds
  - Tier II-All federal payments except salary



# Collection Fee

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- ASSESSMENT OF COLLECTION FEE
  - Collection fee assessed on unpaid balances owed for a period of 90 days or more and that have not been referred to a collection agency.
- Fees
  - 20% as of October, 1 2010.



# Offer In Compromise

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- When a taxpayer wants to satisfy a debt by offering less than the amount owed the following are considered:
  - COLLECTIBILITY;
  - LIABILITY; or
  - BOTH



# Judgments

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- A judgment is a court order against the debtor to pay the creditor what is due.
  - Judgments can impact credit and or bond ratings.
- All judgments may become a lien on Real Property of a judgment debtor for up to 12 years upon filing a recording thereof at the Office of Recorder of Deeds or any court of public records. (D.C. 15-102.)

# Judgments continued

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- Reasons to File:
  - Debtor has moved to another state, and there are no assets to satisfy the judgment in the original judgment state.
  - The debtor may not have moved, but there are assets to satisfy the judgment in another state.
  - A judgment is filed after an organization has exhausted all administrative collection tools.

# Specialty Unit

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## ○ Bankruptcy

- The District of Columbia maintains a priority claim over all creditors for Sales taxes regardless of when the creditor has filed a claim.
  - Chapter 7- In general discharges income tax debt only.
  - Chapter 11- In general, confirmation of the plan discharges debtor from any debt that arose before the date of confirmation. After the plan is confirmed the debtor is required to make plan payments and is bound by the provisions of the plan.

# CP2000

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- CP2000 is a data extract which is supplied to the states by the Internal Revenue Service (IRS).
- The file contains under-reported income.
- Once the data is shared with the states, the state taxing authority will assess and bill the taxpayer for the amount owed to the state based on the federal change liability.
- If there is no additional tax owed to the District of Columbia, Office of Tax and Revenue because of the federal change liability, the taxpayer will not receive a Notice of CP2000 Adjustment or Notice of Correction and Tax Due.



# Installment Agreements

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## ○ AUTOMATIC

- Individual Agreements are generally greater than \$100.
- Business Agreements are generally less than \$5000.





# Installment Agreements

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- Other Installment Agreements
  - Agreements greater than \$5,000 or 12 months duration require approval by an OTR representative, i.e. Revenue Officer, Tax Examiner or other authorized individuals.



# Internet Listing

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## Overview

- The Office of Tax and Revenue has a program to encourage *voluntary compliance* with the District's tax laws through the publication of delinquent taxpayers on OTR's Web site at [www.taxpayerservicecenter.com](http://www.taxpayerservicecenter.com).
  - Declares the identity of delinquent business and or individual taxpayers.
  - List delinquent taxpayers with known addresses.
  - Information may be published in newspapers.
  - Information may be forwarded to credit bureaus.
  - Updates information as available.



# Bulk Sale and Registration

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- Code Section 47-2022
  - Purchaser of an existing business must notify OTR of the sale and its terms within 15 days.
- Failure to notify OTR can result in:
  - The purchaser inheriting the seller's debt even if the debt is undisclosed to the seller.

# Bulk Sale and Registration cont'd

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- Purchaser cannot operate with the previous owners Federal Employer Identification Number
- Purchaser must file FR-500 – Combined Business Tax Registration Application to identify all tax obligations
- Seller's returns and taxes must be filed and paid timely to be in full compliance.



# Special Events

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- VENDORS - participating in these events are liable to file and pay sales tax on items sold during the event. It is the responsibility of the vendor to file a form 800SE following the event.
- PROMOTERS - are responsible for the vendors reporting their sales tax made during the event.



## FILING METHOD-PAPER

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Each OTR registered street or mobile food services vendor will receive a tax booklet with the personal information completed. Use these forms to ensure timely processing.

Samples of completing a tax return are on the following pages.

- 1) 5.75% sales tax due less than minimum tax (Sample Scenario #1)
- 2) 10% sales tax due and amount is greater than \$375 (Sample Scenario #2)
- 3) 10% sales tax due and amount is less than \$375 (Sample Scenario #3)
- 4) No 5.75% or 10% sales tax due (Sample Scenario #4)



# Waiver of Penalty and Interest

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- Waiver of **penalty** decisions are made on a case by case basis.
- **Interest** is waived when the taxpayer provides proof that the District contributed directly and or materially to the noncompliance.



# Clean Hands

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The Certificate of Clean (certifying that the taxpayer is current with taxes owed)

- Is required to be submitted with any application for a license or permit in the District of Columbia, including a Basic Business License.
  - Replaces Certificate of Good Standing
  - No fee requirement.
  - Processing time has diminished.
- Application can be made online at the Taxpayer Service center.





# TDI PROGRAM

## (TAXPAYER DELINQUENT INVESTIGATIONS)

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- Our mission is to collect promptly the proper amount of tax from all persons who have not filed tax returns and/or paid tax as required by District of Columbia law.
- A full compliance investigation will include the following:
  - All required returns (i.e., Individual and Business) including informational returns
  - Payment in full
  - Verify business operations relative to delinquent accounts
  - When a taxpayer is advised to file all required returns but neglects to do so or fails to submit returns within the established time frame, assessment and enforcement steps will be taken.



# Non Filer Program (Individual Income)

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- Taxpayers who have not filed a return with the District for years in question.
- OTR notifies taxpayer and request returns be filed.
- Tax, Penalty and Interest are assessed as per findings.
- Failure to respond within allotted time will result in an OTR tax assessment.



# Web Page

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Visit our Web page at [www.taxpayerservicecenter.com](http://www.taxpayerservicecenter.com) to learn more about:

- Forms
- Procedures
- FAQ's
- Contact Information



# Contact Information

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- Please feel free to contact any of us at:
  - Bobby Tucker – 202-442-6621
  - Rosalyn Lewis – 202-442-6822
  - Doris Faulkner – 202-442-6847



# COLLECTION DIVISION

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**QUESTIONS?**

**THANK YOU**